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DE RUEHVB #1094/01 3551335

ZNR UUUUU ZZH

R 211335Z DEC 07

FM AMEMBASSY ZAGREB

TO RUEHC/SECSTATE WASHDC 8438

INFO RUEHZN/EUROPEAN POLITICAL COLLECTIVE

RHEHNSC/NSC WASHDC

RUEKJCS/SECDEF WASHDC

UNCLAS SECTION 01 OF 02 ZAGREB 001094

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OSD FOR WINTERNITZ, NSC FOR BRAUN

E.O. 12958: N/A

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SUBJECT: CROATIAN ELECTIONS: CAMPAIGN SPENDING FIGURES AND
MESSY VOTER REGISTRIES

CAMPAIGN SPENDING: \$70,000 PER SABOR SEAT

¶1. Following the November 25 parliamentary elections in Croatia, Transparency International Croatia (TIH) and GONG, an election monitoring organization, have published their report on campaign spending. During the official campaign season 3 - 23 November, Croatian political parties spent more than 50 million kuna (\$10 million). The ruling Croatian Democratic Union (HDZ) led campaign spending with over 25 million kuna, or more than all other parties combined. The main opposition party, the Social Democratic Party (SDP), was a distant second, spending just over 8 million kuna. While the SDP's campaign won fewer seats than the HDZ, it was much more cost effective. The SDP spent approximately 145,000 kuna (or \$29,000) per each of its 56 seats in the Sabor, while the HDZ spent over 400,000 kuna (or \$80,000) for each of the 61 seats it won inside Croatia. Both parties did far better however, than the right-wing Croatian Party of Rights (HSP), which spent 3m kuna (\$600,000) to win a single seat. For the elections as a whole, the average seat in Parliament cost around 350,000 kuna (\$70,000).

¶2. There is no specific law in Croatia to regulate campaign financing for parliamentary elections. The existing statute only governs the overall financing of political parties, independent lists and candidates. Enacted in December 2006, the law defines political parties as nonprofit organizations which are partially subsidized from the state budget. All parties with at least one representative in the Sabor are eligible for state funds, and the money is divided proportionally among the parties. Parties are eligible for a 10 percent bonus for each representative of an "under-represented gender" (i.e. - female). The State Audit Office at the Ministry of Finance requires end-of-year financial statements from the parties, who must publish the same on their public websites.

¶3. The TIH/GONG figures are only estimates based on the most visible portion of the campaign. The numbers, compiled by a private firm, are based on a selective look at advertising during the campaign: political party radio and TV ads, advertisements on the most popular Croatian Internet portals, in daily and monthly print media, and on commercial billboards. GONG and TIH speculated that their findings captured only about half of actual spending by the parties, putting the final level of campaign spending at closer to 100 million kuna (\$20m). Both major parties have provided their own figures for campaign spending. HDZ says its total campaign spending was 24 million kuna -- less than GONG/TIH's partial figure, and well below GONG/TIH's total estimate of

approximately 50 million kuna. SDP's estimated figures are more in line with GONG/TIH's numbers, at approximately 16 million kuna for the total campaign.

THE DEAD ARE REGISTERED, BUT THEY DON'T VOTE MUCH

14. GONG also released a separate report on the status of Croatian voter lists during the 2007 parliamentary elections. GONG estimates as many as 20 percent of Croatians registered to vote in District 11, the so-called "Diaspora", are in fact deceased. Their estimates are based on a review of the dates of birth of voters and their contact with Croatian institutions over the last 15 years. While GONG believes these "dead voters" had no influence on the results of the parliamentary elections as they found no evidence of large scale voting by the dead, the presence of these names on the registers would increase the turnout requirements for any future referenda. (NOTE: A referendum is unlikely for Croatia's NATO accession, but would be required, barring a change to Croatian's Constitution, for EU accession. END NOTE.) The discrepancy in voter lists was not isolated to lists in Bosnia-Hercegovina, but also extended to the U.S. and other diaspora vote registries, in part because it is harder for the State Election Commission to track foreign deaths and update voter lists. Since the elections, Croatia's State Election Commission has confirmed one instance of a dead person voting in Bosnia-Hercegovina and is pursuing the case with the Croatian State Prosecutor's Office.

15. COMMENT: Croatia has taken significant steps in increasing the transparency of its electoral process and improving the management of voter registration lists. As the reports by GONG and TIH show, room for improvement still exists, but the overall evaluation of the 2007 parliamentary elections by groups like OSCE/ODIHR and GONG has been very

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positive. It is notable that Croatia's system of providing state funds to political parties based on their representation in parliament means the rich will get richer. SDP's gains in the 2007 elections will translate to better funding of future campaigns. HSP's loss of seats will increase the party's reliance on private funding. Shifts in public support toward the establishment of two or three primary political parties will only increase the imbalance in funding between those parties and smaller parties focused on specific regions or interests. This imbalance will only increase the need for additional transparency in the coming years. END SUMMARY.

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